

**VILLAGE OF BARRINGTON HILLS**

Barrington Hills, Illinois

**FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2013

# VILLAGE OF BARRINGTON HILLS

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# VILLAGE OF BARRINGTON HILLS

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**INDEPENDENT AUDITORS' REPORT**

To the Village Board of Trustees  
Village of Barrington Hills  
Barrington Hills, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Barrington Hills, Illinois, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village of Barrington Hills' basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Barrington Hills' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Barrington Hills' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Village Board of Trustees  
Village of Barrington Hills

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Barrington Hills, Illinois, as of December 31, 2013 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I, the Village of Barrington Hills, Illinois, adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Barrington Hills' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

To the Village Board of Trustees  
Village of Barrington Hills

*Other Information*

The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Baker Tilly Vicchow Krause, LLP*

Oak Brook, Illinois  
May 8, 2014

# VILLAGE OF BARRINGTON HILLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013

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The management of the Village of Barrington Hills offers all persons interested in the financial position of the village this narrative overview and analysis of the village's financial performance during the year ending December 31, 2013. You are invited to read this narrative in conjunction with the village's financial statements. The village presents several tables and graphs in the management's discussion and analysis that display comparative information.

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### FINANCIAL HIGHLIGHTS

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- > The assets of the Village of Barrington Hills exceeded its liabilities by \$5,075,058 (net position). Of this amount, \$1,812,055 is restricted for specific purposes (restricted net position), and \$1,841,043 is invested in capital assets, which leaves unrestricted net position of \$1,421,960. There is no capital asset-related debt outstanding as of December 31, 2013.
  - > Total governmental net position increased by \$632,411 due to the village effectively controlling expenses during the year.
  - > On December 31, 2013, the village's governmental funds reported combined fund balances of \$2,952,538, an increase of \$321,854 from December 31, 2012.
  - > During the year, revenues totaled \$8,512,612, while expenses totaled \$7,880,201 on the Statement of Activities.
  - > The General Fund reported total ending fund balance of \$1,430,890, an increase of \$228,920 from the prior year.
  - > The village's governmental funds reported total revenues of \$8,512,612, compared to \$8,281,305, which was forecasted.
  - > The village's governmental funds reported total expenditures of \$8,190,758, compared to \$11,432,000, which was appropriated, and \$8,281,305, which was budgeted.
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### OVERVIEW OF THE FINANCIAL STATEMENTS

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This discussion and analysis is intended to serve as an introduction to the village's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the village:

- > The first two statements are government-wide financial statements that provide both long-term and short-term information about the village's overall financial status.
- > The fund financial statements focus on individual parts of the village government and report the village's operations in more detail than the government-wide statements.
- > The remaining statements provide financial information about activities for which the village acts solely as a trustee or agent for the benefit of those outside of the government.

# VILLAGE OF BARRINGTON HILLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013

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### **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

#### ***GOVERNMENT-WIDE STATEMENTS***

The government-wide statements report information about the village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the village's net assets and how they have changed. Net position – the difference between the village's assets and liabilities – is one way to measure the village's financial health, or position. Over time, increases or decreases in the village's net position is an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the village you need to consider additional non-financial factors such as changes in the village's property tax base and the condition of the village's roads.

The statement of activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

#### ***FUND FINANCIAL STATEMENTS***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the village can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

# VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2013

## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

The village maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Safety Fund, Roads and Bridges Fund, and Debt Service Fund, each of which are considered to be major funds. There are no non-major funds.

The village adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

*Notes to Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Other Information* – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents certain budgetary comparisons. The debt service fund budget comparison and property tax information schedules are presented immediately following the required supplementary information.

## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

An analysis of the village's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the village's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

A summary of the village's Statement of Net Position is presented below in Table 1.

**Table 1**  
**Condensed Statements of Net Position**

	Governmental Activities	
	December 31, 2012	December 31, 2013
Current and other assets	\$ 10,825,145	\$ 11,362,243
Capital assets	1,938,445	1,841,043
Total Assets	12,763,590	13,203,286
Current liabilities	150,556	146,453
Noncurrent liabilities	1,605,114	1,416,502
Total Liabilities	1,755,670	1,562,955
Unearned Revenue	6,565,273	6,565,273
Total Deferred Inflows of Resources	6,565,273	6,565,273
Net invested in capital assets	1,938,445	1,841,043
Restricted	1,894,282	1,812,055
Unrestricted	609,920	1,421,960
Total Net Position	\$ 4,442,647	\$ 5,075,058

See independent auditors' report.

# VILLAGE OF BARRINGTON HILLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013

### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

One portion of the village's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. All such debt was retired in 2006 and there was none outstanding as of December 31, 2013. The village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the village's net position represents sources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets can be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the village reported positive balances in all three categories of net position for the village as a whole.

**Table 2  
Condensed Statement of Activities**

	Governmental Activities	
	December 31, 2012	December 31, 2013
Revenues:		
Program revenues		
Charges for services	\$ 318,127	\$ 416,499
Operating grants and contributions	125,051	124,132
Capital grants and contributions	-	-
General revenues		
Property taxes	6,706,768	6,744,846
Utility taxes	526,830	533,709
Income taxes	384,690	388,951
Sales taxes	104,431	111,794
Other taxes	33,621	39,568
Investment income	7,285	7,432
Miscellaneous revenues	161,832	145,681
Total Revenues	8,368,365	8,512,612
Expenses:		
General government	2,900,380	2,896,070
Public safety	3,289,972	3,519,669
Roads and bridges	1,500,864	1,399,310
Health	7,648	9,621
Interest on long-term debt	61,185	55,531
Total Expenses	7,760,049	7,880,201
Changes in Net Position	608,586	632,411
Beginning Net Position	3,834,061	4,442,647
Ending Net Position	\$ 4,442,647	\$ 5,075,058

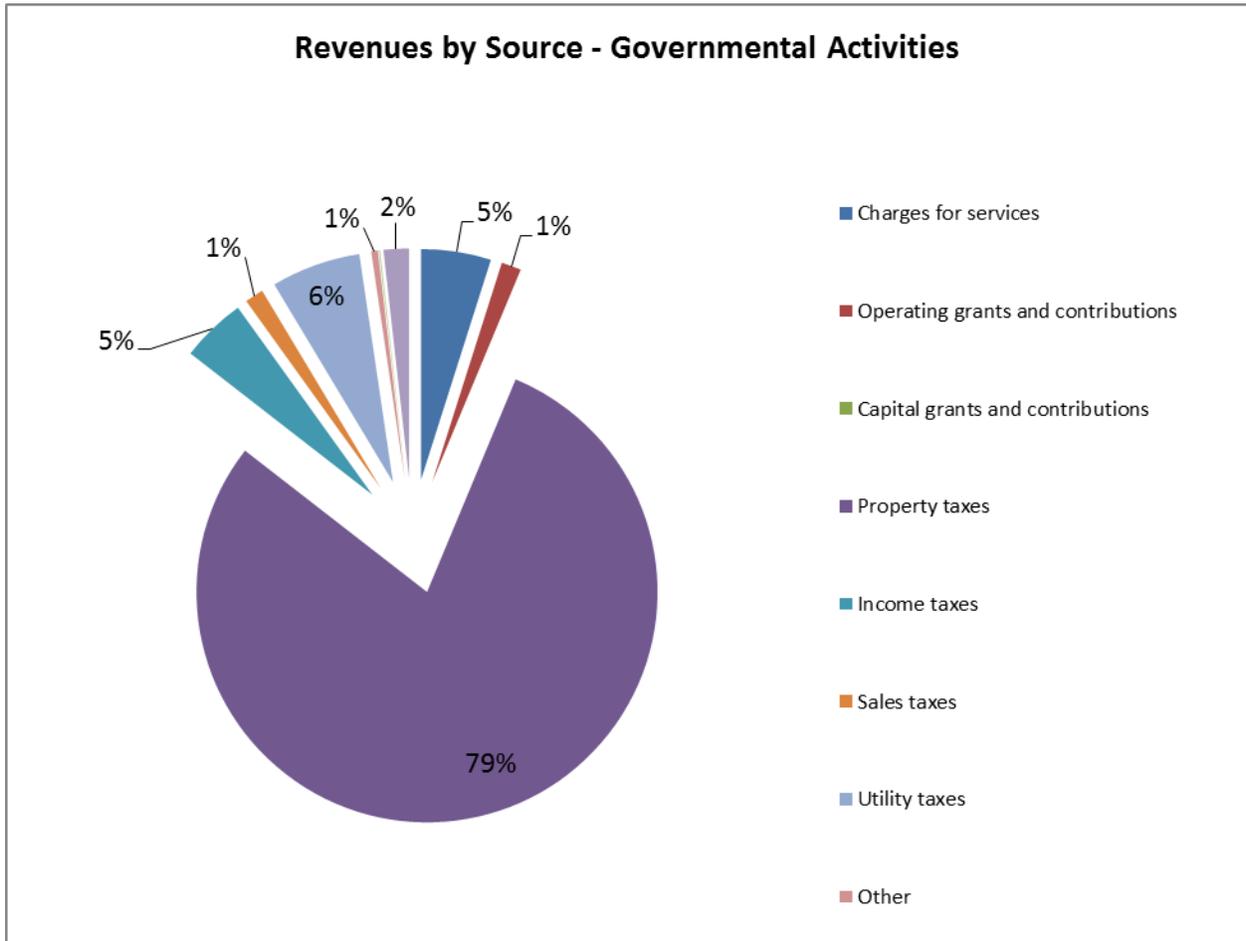
# VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2013

## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

As previously noted, the Statement of Net Position shows the change in financial position of net assets. The specific nature or source of these changes then becomes more evident in the Statement of Activities as shown above in Table 2.

Chart 1



# VILLAGE OF BARRINGTON HILLS

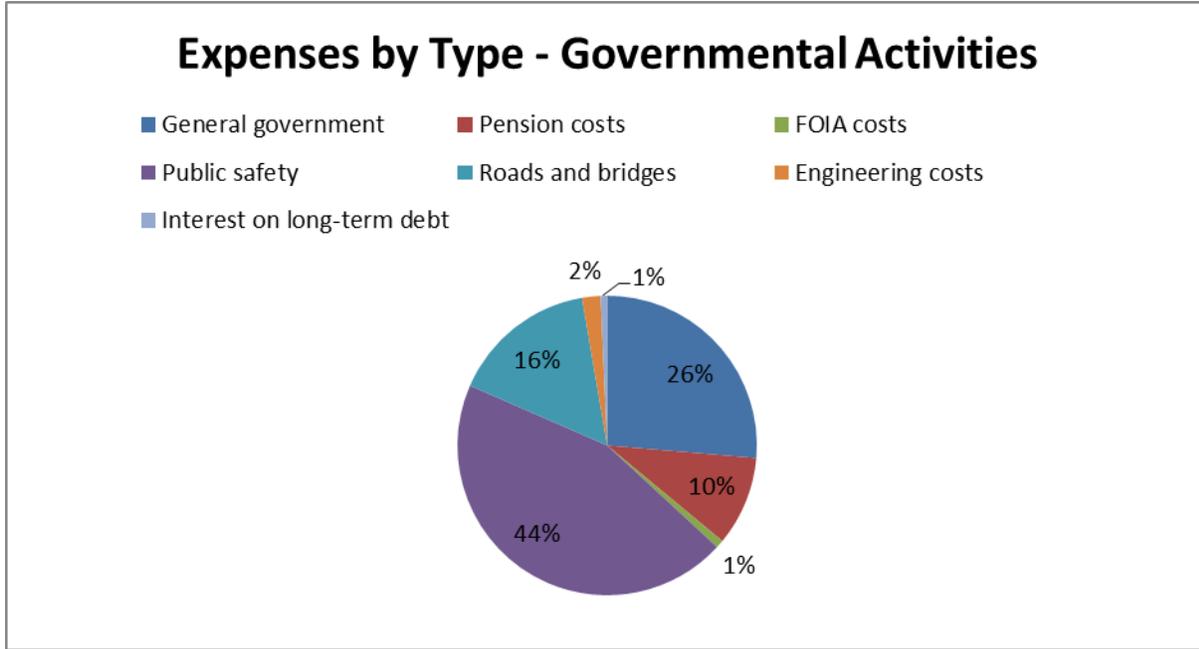
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2013

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## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

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Chart 2



### ***GOVERNMENTAL ACTIVITIES***

Governmental activities increased the village's net position by \$632,411. This increase is primarily a result of the increased revenue from income taxes and charges for services.

The preceding revenues graph (Chart 1) depicts the major revenue sources of the village. It depicts very clearly the village's reliance on property taxes to fund governmental activities. It also clearly identifies the minor percentage the village receives from sales taxes.

The preceding expense and program revenues graph (Chart 2) identifies those governmental functions where program expenses greatly exceed program revenues.

# VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2013

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## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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### *GOVERNMENTAL FUNDS*

The focus of the Village of Barrington Hills' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the village's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At December 31, 2013, the village's governmental funds reported combined fund balances of \$2,952,538. Of this amount, \$871,313 constitutes unassigned fund balance, which is available to meet the village's current and future needs. The remaining \$2,081,225 is nonspendable, restricted or assigned. The combined fund balance increased from last year's total of \$2,630,684.

### *General Fund*

The village's General Fund is the chief operating fund of the village. Total fund balance in the General Fund increased \$228,920 or 19%. This was due primarily to the increase in taxes and the decrease in legal services expenditures.

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## GENERAL FUND APPROPRIATION HIGHLIGHTS

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The General Fund actual revenues for the current year were \$4,271,195 compared to the revenue forecast of \$4,107,313. This variance is primarily due to an increase in building permit revenues over the course of the year.

The General Fund appropriation for the year ended December 31, 2013 had total expenditures of approximately \$6,204,000. The General Fund actual expenditures were lower than the expenditure appropriation. Actual expenditures and transfers totaled \$3,942,275. The variance reflects the village's longstanding practice (and the statutory requirement pursuant to 65 ILCS 64 5/8-2-9) of appropriating more than it plans to expend, thereby ensuring the availability of adequate revenues to support essential village functions.

# VILLAGE OF BARRINGTON HILLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013

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### CAPITAL ASSETS

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At the end of 2013, the village had invested a total of \$1,841,043 in capital assets. This investment in capital assets includes land, buildings and improvements, equipment, furniture, and vehicles. This investment does not include infrastructure acquired prior to 2004, which the village is not required to record.

Capital assets remained comparable to the prior year. The total decrease in the village's investment in capital assets for the current fiscal year was \$97,402.

**Table 3  
Capital Assets**

	Governmental Activities	
	December 31, 2012	December 31, 2013
Capital assets not being depreciated		
Land	\$ 350,349	\$ 350,349
Capital assets being depreciated		
Buildings and improvements	2,131,642	2,131,642
Equipment, furniture and vehicles	<u>1,006,055</u>	<u>1,061,999</u>
 Total Capital Assets	 3,488,046	 3,543,990
 Less: Accumulated Depreciation	 <u>(1,549,601)</u>	 <u>(1,702,947)</u>
 Capital Assets, Net of Depreciation	 \$ <u>1,938,445</u>	 \$ <u>1,841,043</u>

Additional information on the village's capital assets can be found in Note III C.

# VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2013

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## LONG-TERM LIABILITIES

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At December 31, 2013, the village had \$1,416,502 of governmental debt and compensated absences outstanding as compared to \$1,605,114 the previous year.

In accordance with Illinois Statutes, total general obligation indebtedness of the village is not limited. Total general obligation debt outstanding at year end was \$1,370,000.

**Table 4**  
**Long-term Liabilities**

	Governmental Activities	
	December 31, 2012	December 31, 2013
General obligation debt	\$ 1,570,000	\$ 1,370,000
Compensated absences	<u>35,114</u>	<u>46,502</u>
Total	\$ <u>1,605,114</u>	\$ <u>1,416,502</u>

Additional information on the village's long-term liabilities can be found in Note III E.

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## CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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The village's elected and appointed officials considered many factors when setting the fiscal year 2013 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The village is faced with a similar economic environment as many of the other local municipalities, including inflation rates and economic trends, particularly as they pertain to building activity. None of these conditions are anticipated to significantly change the overall financial position of the village.

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## REQUESTS FOR INFORMATION

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This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the village's finances. If you have questions about this report, or need additional financial information, contact Rosemary Ryba, Village Treasurer.

# VILLAGE OF BARRINGTON HILLS

## STATEMENT OF NET POSITION As of December 31, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 2,740,755
Taxes receivable	6,568,788
Other receivables	68,176
Due from other governments	186,106
Net pension asset	1,619,302
Prepaid items	179,116
Total Current Assets	<u>11,362,243</u>
Noncurrent Assets	
Capital Assets	
Land	350,349
Other capital assets, net of depreciation	1,490,694
Total Noncurrent Assets	<u>1,841,043</u>
Total Assets	<u>13,203,286</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	128,904
Accrued liabilities	13,856
Due to component unit	3,693
Total Current Liabilities	<u>146,453</u>
Noncurrent Liabilities	
Due within one year	227,827
Due in more than one year	1,188,675
Total Noncurrent Liabilities	<u>1,416,502</u>
Total Liabilities	<u>1,562,955</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	6,565,273
Total Deferred Inflows of Resources	<u>6,565,273</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,841,043
Restricted for:	
Public Safety	1,231,888
Roads and Bridges	3,456
Retirement	111,154
Liability Insurance	363,775
Debt service	101,782
Unrestricted	1,421,960
Total Net Position	<u>\$ 5,075,058</u>

See accompanying notes to financial statements.

## VILLAGE OF BARRINGTON HILLS

### STATEMENT OF ACTIVITIES For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$ 2,896,070	\$ 363,332	\$ -	\$ -	\$ (2,532,738)
Public safety	3,519,669	53,167	5,900	-	(3,460,602)
Roads and bridges	1,399,310	-	118,232	-	(1,281,078)
Health	9,621	-	-	-	(9,621)
Interest on long-term debt	55,531	-	-	-	(55,531)
Total Governmental Activities	7,880,201	416,499	124,132	-	(7,339,570)
General Revenues					
Taxes					
Property					6,744,846
Utility					533,709
Income					388,951
Sales					111,794
Other taxes					39,568
Investment income					7,432
Miscellaneous					145,681
Total General Revenues					7,971,981
<b>Change in Net Position</b>					632,411
NET POSITION - Beginning of Year					4,442,647
<b>NET POSITION - END OF YEAR</b>					\$ 5,075,058

See accompanying notes to financial statements.

**VILLAGE OF BARRINGTON HILLS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2013

	General Fund	Public Safety	Roads and Bridges	Debt Service	Totals
<b>ASSETS</b>					
Cash and Investments	\$ 2,467,874	\$ 92,526	\$ 180,355	\$ -	\$ 2,740,755
Receivables					
Taxes	2,489,428	2,557,329	1,262,662	259,369	6,568,788
Other	60,677	7,299	-	-	67,976
Accrued interest	200	-	-	-	200
Due from other funds	106,145	1,315,292	-	101,643	1,523,080
Due from other governments	177,642	-	8,464	-	186,106
Prepaid items	179,116	-	-	-	179,116
<b>TOTAL ASSETS</b>	<b>\$ 5,481,082</b>	<b>\$ 3,972,446</b>	<b>\$ 1,451,481</b>	<b>\$ 361,012</b>	<b>\$ 11,266,021</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 49,024	\$ -	\$ 79,880	\$ -	\$ 128,904
Accrued liabilities	13,856	-	-	-	13,856
Compensated absences	17,827	-	-	-	17,827
Due to other funds	1,416,935	-	106,145	-	1,523,080
Due to component unit	3,693	-	-	-	3,693
Total Liabilities	<u>1,501,335</u>	<u>-</u>	<u>186,025</u>	<u>-</u>	<u>1,687,360</u>
Deferred Inflows of Resources					
Unearned revenue	2,488,007	2,556,036	1,262,000	259,230	6,565,273
Unavailable revenue	60,850	-	-	-	60,850
Total Deferred Inflows of Resources	<u>2,548,857</u>	<u>2,556,036</u>	<u>1,262,000</u>	<u>259,230</u>	<u>6,626,123</u>
Fund Balances					
Nonspendable	179,116	-	-	-	179,116
Restricted	380,461	1,231,888	3,456	101,782	1,717,587
Assigned	-	184,522	-	-	184,522
Unassigned	871,313	-	-	-	871,313
Total Fund Balances	<u>1,430,890</u>	<u>1,416,410</u>	<u>3,456</u>	<u>101,782</u>	<u>2,952,538</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW AND FUND BALANCES</b>	<b>\$ 5,481,082</b>	<b>\$ 3,972,446</b>	<b>\$ 1,451,481</b>	<b>\$ 361,012</b>	<b>\$ 11,266,021</b>

## VILLAGE OF BARRINGTON HILLS

### RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES As of December 31, 2012

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Total fund balances - Governmental Funds	\$	2,952,538
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		1,841,043
Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		60,850
Non-current assets are not receivable in the current period and therefore, are not reported in the funds.		
Net pension asset		1,619,302
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated absences payable		(28,675)
General obligation bonds payable		<u>(1,370,000)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>5,075,058</u></b>

**VILLAGE OF BARRINGTON HILLS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2013

	General Fund	Public Safety	Roads and Bridges	Debt Service	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 3,769,812	\$ 2,455,995	\$ 1,333,564	\$ 259,497	\$ 7,818,868
Intergovernmental	-	-	118,232	-	118,232
Fees, licenses and permits	241,813	-	-	-	241,813
Charges for services	1,218	45,204	-	-	46,422
Fines and forfeitures	120,301	7,963	-	-	128,264
Investment income	7,342	58	32	-	7,432
Miscellaneous	130,709	20,872	-	-	151,581
Total Revenues	<u>4,271,195</u>	<u>2,530,092</u>	<u>1,451,828</u>	<u>259,497</u>	<u>8,512,612</u>
<b>EXPENDITURES</b>					
Current					
General government	2,682,832	-	-	-	2,682,832
Public safety	1,095,063	2,591,957	-	-	3,687,020
Roads and bridges	-	-	1,399,310	-	1,399,310
Health services	9,621	-	-	-	9,621
Capital Outlay	154,759	1,685	-	-	156,444
Debt Service					
Principal retirement	-	-	-	200,000	200,000
Interest and fiscal charges	-	-	-	55,531	55,531
Total Expenditures	<u>3,942,275</u>	<u>2,593,642</u>	<u>1,399,310</u>	<u>255,531</u>	<u>8,190,758</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>328,920</u>	<u>(63,550)</u>	<u>52,518</u>	<u>3,966</u>	<u>321,854</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	100,000	-	100,000
Transfers (out)	(100,000)	-	-	-	(100,000)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	228,920	(63,550)	152,518	3,966	321,854
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,201,970</u>	<u>1,479,960</u>	<u>(149,062)</u>	<u>97,816</u>	<u>2,630,684</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,430,890</u>	<u>\$ 1,416,410</u>	<u>\$ 3,456</u>	<u>\$ 101,782</u>	<u>\$ 2,952,538</u>

See accompanying notes to financial statements.

**VILLAGE OF BARRINGTON HILLS**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds	\$	321,854
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.		62,944
Depreciation is reported in the government-wide statements		(159,446)
<p>The net effect of various miscellaneous transactions involving capital assets is to decrease net position.</p>		
		(900)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of activities.</p>		
Principal repaid		200,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences		(4,159)
Change in net pension asset		212,118
		212,118
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>632,411</u></b>

# VILLAGE OF BARRINGTON HILLS

## STATEMENT OF NET POSITION FIDUCIARY FUND As of December 31, 2013

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	<u>Police Pension</u>
<b>ASSETS</b>	
Cash	\$ 10,000
Investments, at fair value:	
Illinois Funds	136,043
Money market funds	482,760
Mutual funds	2,913,251
U.S. agencies	3,592,185
Accrued interest receivable	18,525
Prepaid items	1,928
Due from primary government	<u>3,693</u>
 Total Assets	 <u>7,158,385</u>
<b>LIABILITIES</b>	
Accounts payable	<u>12,307</u>
 Total Liabilities	 <u>12,307</u>
<b>NET POSITION</b>	
Net Plan Assets Held In Trust For Pension Benefits	<u>\$ 7,146,078</u>

See accompanying notes to financial statements.

## VILLAGE OF BARRINGTON HILLS

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND For the Year Ended December 31, 2013

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	<u>Police Pension</u>
<b>ADDITIONS</b>	
Contributions - employer	
Property taxes	\$ 762,171
Contributions - plan members	<u>186,410</u>
Total Contributions	<u>948,581</u>
Investment Income (Loss)	
Change in fair value	453,012
Interest earned	<u>3,277</u>
Total Investment Income	456,289
Less investment expenses	<u>(18,618)</u>
Net Investment Income	<u>437,671</u>
Total Additions	<u>1,386,252</u>
<b>DEDUCTIONS</b>	
Administrative Expenses	29,292
Payments to beneficiaries	<u>238,993</u>
Total Deductions	<u>268,285</u>
<b>Change in Net Position</b>	1,117,967
NET POSITION - Beginning of Year	<u>6,028,111</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 7,146,078</u>

See accompanying notes to financial statements.

# VILLAGE OF BARRINGTON HILLS

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The Village of Barrington Hills, Illinois (the “village”) is a home-rule municipality, under the 1970 Illinois Constitution. The village operates under a President-Trustee form of government and provides the following services as authorized by its charter: public safety, highways and streets, health services, planning and zoning, and general administrative services.

The accounting policies of the Village of Barrington Hills, Illinois conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the Village of Barrington Hills. The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

The village's financial reporting entity comprises the following: Primary government – Village of Barrington Hills, Blended Component Unit – Police Pension Employees Retirement System.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **A. REPORTING ENTITY (cont.)**

##### ***Blended Component Unit***

###### *Police Pension Employees' Retirement System (Police Pension or Police Pension Fund)*

The Police Pension Employees Retirement System (PPERS) is established for the village's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the village's police employees. The PPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the PPERS.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In November 2010, the GASB issued statement No. 61 - The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was implemented effective January 1, 2013.

In March 2012, the GASB issued statement No. 65 - Items Previously Reported as Assets and Liabilities. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

##### ***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or non-major funds within the governmental financial statements. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. In addition, any other governmental fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village of Barrington Hills reports the following major governmental funds:

**General Fund** – accounts for the village’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

**Public Safety Fund** – special revenue fund used to account for and report resources that are restricted, committed, or assigned to supporting expenditures for the village’s public safety operations, including police protection, the school crossing guard program, expenditures related to the installation and maintenance of the emergency 911 telephone system, and expenditures related to drug, DUI, and gang awareness and prevention programs.

**Roads and Bridges Fund** – special revenue fund used to account for and report resources that are restricted, committed, or assigned to supporting expenditures for the repair and maintenance of the village’s roads and bridges.

**Debt Service Fund** – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds, which operate under accounting principles similar to a business in the private sector.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements (cont.)***

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan. The village's pension trust fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the village, these funds are not incorporated into the government-wide statements.

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Under the accrual method deferred revenue is recognized as revenue in the period earned. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for state income taxes which have a 180 day availability period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and unearned revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

##### ***Fund Financial Statements (cont.)***

Revenues susceptible to accrual include property taxes, sales and income taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY**

##### **1. Deposits and Investments**

Illinois Statutes authorize the village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net position in excess of \$10,000,000 and an appointed investment adviser may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The village has adopted an investment policy. The police pension has adopted an investment policy. The village's policy and police pension policy contains the following guidelines for investments:

#### ***Interest Rate Risk***

The village will minimize interest rate risk by structuring the investment portfolio for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The village will also invest operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

The police pension investment portfolio will remain sufficiently liquid to enable the pension fund to pay all necessary benefits and meet all operating requirements, which might be reasonably anticipated.

#### ***Credit Risk***

The village will minimize credit risk by limiting investments to the safest type of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the village will do business, and diversifying the investment portfolio.

The police pension will require that investments made in contracts and agreements of Life Insurance Companies licensed to do business in the State of Illinois shall be rated at least A+ by A.M. Best Company, Aa rated by Moodys, and AA+ rated by Standard and Poors rating Services. Notwithstanding the foregoing, the portfolio of the general account of the Insurance Company shall not invest more than 10% of the portfolio in real estate and/or more than 10% of the portfolio in bonds with ratings of less than Baal by Moody's or BB+ by Standard and Poors.

The police pension will require that securities issued by the State of Illinois, or any county, township or municipal corporation of the State of Illinois, may be held in the portfolio of the Fund so long as said security is not rated less than Aa by Moodys or AA+ by Standard and Poors.

#### ***Custodial Credit Risk***

The village will not maintain funds in any financial institution not willing to post, or not capable of posting, required collateral for funds in excess of the FDIC insurable limits. Pledged collateral will be held in safekeeping by a third party depository.

Custodial credit risk is not addressed by the police pension's investment policy.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

###### **Concentration of Credit Risk**

Concentration of credit risk is not addressed by the village's investment policy.

The police pension shall undertake investments in a manner that seeks to ensure the preservation of capital. The police pension will consciously diversify the Fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio. Diversification is to be interpreted to include diversification by asset type, by characteristic, by number of investments, and in the case of Investment Advisors and money managers y investment style.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investments could be sold.

See Note III. A. for further information.

##### **2. Receivables**

Property taxes for levy year 2013 attach as an enforceable lien on January 1, 2013, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). Tax bills are prepared by the counties and are payable in installments throughout 2014. The counties collect such taxes and remit them periodically. The 2013 property tax levy is recognized as a receivable and deferral in fiscal 2013. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2013, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2013 levy.

An allowance for uncollectible amounts is not considered necessary for any of the village's receivables as it is believed to be immaterial.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements.

##### **4. Capital Assets**

###### **Government-Wide Statements**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$2,500 for general capital assets and \$15,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	10-45 Years
Equipment and furniture	3-20 Years
Land improvements	15-20 Years

###### **Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***5. Compensated Absences***

The village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statements, no liability is recorded for non-vesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick and vacation leave that is estimated to be taken as “terminal leave” prior to retirement.

The liability for these compensated absences is recorded as an obligation in the government-wide statements. The current portion of this debt is based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability which has matured and is payable from expendable available financial resources. A portion to be paid with current financial resources has been accrued within the General Fund.

##### ***6. Long-term Obligations***

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. The long-term obligations consist primarily of bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

For the government-wide statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

##### ***7. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until future time.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **8. Equity Classifications**

###### **Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the village’s policy to use restricted resources first, then unrestricted resources as they are needed.

###### **Fund Statements**

Governmental fund equity is classified as fund balance and displayed as follows:

- a) Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b) Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c) Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the village that originally created the commitment.
- d) Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) – The village adopts a financial policy through board action to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed.
- e) Assignments may take place after the end of the reporting period.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***Fund Statements (cont.)***

- f) Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those purposes.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The village passed a resolution in 2001 establishing that the General Fund must maintain a balance of no less than \$1,200,000 as a reserve for contingencies. The village met this requirement as of December 31, 2013.

See Note III. F for further information.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

### NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. APPROPRIATION INFORMATION

Appropriation information is derived from the annual operating appropriation and is presented using the same basis of accounting for each fund as described in Note I. C. Annual appropriations are adopted for the general, special revenue, and debt service funds. All annual appropriations lapse at year end.

All departments of the village submit requests for appropriation to the Chairman of the Finance Committee so that an appropriation may be prepared. The appropriation is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed appropriation is presented to the governing body for review. The governing body holds a meeting and may add to, or change appropriations, but may not change the form of the appropriation. The administrator is not authorized to transfer appropriated amounts between departments within any fund. The governing body must approve any revisions that alter the total expenditures of the village. Expenditures may not legally exceed appropriations at the fund level.

### NOTE III – DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

The village's deposits and investments at December 31, 2013, were comprised of the following:

	Primary Government		Fiduciary Fund		Associated Risks
	Carrying Value	Statement Balance	Carrying Value	Statement Balance	
Deposits	\$ 575,818	\$ 681,733	\$ 10,000	\$ 10,000	Custodial credit
Certificates of Deposit	1,200,542	1,200,542	-	-	Custodial credit
Money Market Funds – Illinois Funds	963,945	963,945	136,043	128,733	Credit
Mutual Funds – Money Market Funds	-	-	482,760	482,760	Credit, interest rate
Mutual Funds – Equity Funds	-	-	2,293,680	2,293,680	N/A
Mutual funds – Fixed Income Funds	-	-	619,571	619,571	N/A
Tennessee Valley Authority (TVA) Bonds – U.S. Agency implicitly guaranteed	-	-	1,084,222	1,084,222	Credit, custodial credit, concentration of credit, interest rate
Government National Mortgage Association (GNMA) – U.S. Agency explicitly guaranteed	-	-	87,094	87,094	Custodial credit, interest rate
Federal Home Loan Bank (FHLB) – U.S. Agency implicitly guaranteed	-	-	2,420,869	2,420,869	Credit, custodial credit, concentration of credit, interest rate
Petty cash	450	-	-	-	N/A
<b>Total Cash and Investments</b>	<b>\$ 2,740,755</b>	<b>\$ 2,846,220</b>	<b>\$ 7,134,239</b>	<b>\$ 7,126,929</b>	

**VILLAGE OF BARRINGTON HILLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

	Cash and Investments
Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	\$ 2,740,755
Per statement of net position –	
Fiduciary Funds	
Cash	10,000
Illinois Funds	136,043
Money Market Funds	482,760
Mutual Funds	2,913,251
U.S. Agencies	3,592,185
 Total Cash and Investments	 \$ 9,874,994

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held at an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

***Custodial Credit Risk***

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the village’s deposits may not be returned to the village.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2013, the village had no investments that were exposed to custodial credit risk.

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2013, the village’s investments were rated as follows:

Investment Type	Composite Ratings
Mutual funds – Fixed Income	Not rated
Mutual funds – Money Market	Not rated
Illinois funds money market funds	AAA <sub>m</sub>
Tennessee Valley Authority Bonds (TVA)	Aaa
Federal Home Loan Bank (FHLB)	Aaa
Government National Mortgage Association (GNMA)	Aaa

**VILLAGE OF BARRINGTON HILLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the government’s investments in a single issuer. The Fiduciary Police Pension Fund is invested in the following U.S. Agencies which exceed 5% of the plan’s net position:

Type	Carrying Value	Percent of Net Position
FHLB	\$ 2,420,869	33.9%
TVA	1,084,222	15.2%
Total	<u>\$ 3,505,091</u>	

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2013, the pension investments were as follows:

Investment Type	Fiduciary Fund			
	Fair Value	< 1 year	1-5 years	5-10 years
Federal Home Loan Bank (FHLB)	\$ 2,420,869	\$ -	\$ 2,420,869	\$ -
Government National Mortgage Association (GNMA)	87,094	-	-	87,094
Money Market Bond Fund	482,760	482,760	-	-
Tennessee Valley Authority	1,084,222	-	-	1,084,222
Mutual Funds – Fixed Income Funds	619,571	619,571	-	-
Totals	<u>\$ 6,988,196</u>	<u>\$ 3,396,011</u>	<u>\$ 2,420,869</u>	<u>\$ 1,171,316</u>

See Note I.D.1 for further information on deposit and investment policies.

**VILLAGE OF BARRINGTON HILLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES**

All receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current period, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 6,565,273	\$ -
Intergovernmental receivables	-	30,606
Interest	-	200
Other revenue	-	30,044
	-	30,044
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 6,565,273	 \$ 60,850
 Unearned revenue included in liabilities	 \$ -	 \$ -
Unearned revenue included in deferred inflows	6,565,273	-
	6,565,273	-
Total Unearned Revenue for Governmental Funds/Activities	 \$ 6,565,273	 \$ -

Under the accrual method deferred revenue is recognized as revenue in the period earned. An exception in Illinois is real estate taxes, whereby the intent of the village is to finance the following year's operations with these monies. Therefore, these amounts will remain deferred revenue or unearned for the government-wide statements.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

#### C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 350,349	\$ -	\$ -	\$ 350,349
Total Capital Assets Not Being Depreciated	350,349	-	-	350,349
Capital assets being depreciated				
Buildings and Improvements	2,131,642	-	-	2,131,642
Equipment, Furniture, Vehicles	1,006,055	62,944	7,000	1,061,999
Total Capital Assets Being Depreciated	3,137,697	62,944	7,000	3,193,641
Less: Accumulated depreciation for				
Buildings and Improvements	(966,888)	(47,862)	-	(1,014,750)
Equipment, Furniture, Vehicles	(582,713)	(111,584)	(6,100)	(688,197)
Total Accumulated Depreciation	(1,549,601)	(159,446)	(6,100)	(1,702,947)
Governmental Activities Capital Assets, Net of Depreciation	\$ 1,938,445	\$ (96,502)	\$ 900	\$ 1,841,043

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Government	\$ 73,345
Public Safety	86,101
Total Governmental Activities Depreciation Expense	\$ 159,446

**VILLAGE OF BARRINGTON HILLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

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***D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS***

***Interfund Balances***

The composition of interfund balances as December 31, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Public Safety	General	\$ 1,315,292
Debt Service	General	101,643
General	Roads and Bridges	<u>106,145</u>
Total – Fund Financial Statements		<u>\$ 1,523,080</u>

All amounts are due after one year.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of the due to component unit as of December 31, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Police Pension	General	<u>\$ 3,693</u>

The amounts due to the General Fund are tax receipts paid in advance to the police pension fund.

***Transfers***

During the year, the village transferred \$100,000 from the General Fund to the Road and Bridges Fund to fund the portion of the deficit in the Road and Bridges Fund.

State law allows for the above transfer. For the statement of activities, interfund transfers within the governmental activities are netted and eliminated.

**VILLAGE OF BARRINGTON HILLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM DEBT**

**General Obligation Bonds**

General Obligation bonds currently outstanding are as follows:

Issue	Beginning Balance	Increases	Decreases	Ending Balance
General Obligation Bond Series of 2003 issued for \$3,155,000 due in annual installments of \$165,000 to \$250,000 plus interest of 2.7% to 3.8% through January 1, 2020	\$ 1,570,000	\$ -	\$ 200,000	\$ 1,370,000

**Long-term Liability Activity**

Changes in long-term liabilities during the year ended December 31, 2013, were as follows:

Type of Debt	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due within One Year
Compensated absences	\$ 35,114	\$ 210,661	\$ 199,273	\$ 46,502	\$ 17,827
General obligation bonds	1,570,000	-	200,000	1,370,000	210,000
	<u>\$ 1,605,114</u>	<u>\$ 210,661</u>	<u>\$ 399,273</u>	<u>\$ 1,416,502</u>	<u>\$ 227,827</u>

Payments on the general obligation bonds are made by the Debt Service Fund. Compensated absences for the governmental activities are liquidated by the General Fund and Public Safety Fund.

**Debt Service Requirements to Maturity**

The annual debt service requirements to maturity, including principal and interest, are as follows:

Year Ending 12/31	General Obligation Bonds	
	Principal	Interest
2015	\$ 210,000	\$ 49,230
2016	215,000	42,300
2017	225,000	34,882
2018	230,000	26,895
2019	240,000	18,500
2020	<u>250,000</u>	<u>9,500</u>
	<u>\$ 1,370,000</u>	<u>\$ 181,307</u>

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **E. LONG-TERM DEBT** (cont.)

##### **Legal Debt Margin**

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin states: "The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent:... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts." To date the Illinois General Assembly sets no limits for home rule municipalities. The village is a home rule municipality.

There are a number of limitations and restrictions contained in the bond indenture. The village is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

#### **F. NET POSITION/FUND BALANCES**

Net position reported on the government-wide statement of net position at December 31, 2013, include the following:

##### **Net Position**

Invested in capital assets	
Land	\$ 350,349
Other capital assets, net of accumulated depreciation	1,490,694
Total Invested in Capital Assets	<u>1,841,043</u>
Restricted	
Public safety	1,231,888
Roads and Bridges	3,456
Retirement	111,154
Liability insurance	363,775
Debt service	101,782
Unrestricted	<u>1,421,960</u>
Total Governmental Activities Net Position	<u>\$ 5,075,058</u>

**VILLAGE OF BARRINGTON HILLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. NET POSITION/FUND BALANCES (cont.)**

Governmental fund balances reported on the fund financial statements at December 31, 2012, include the following:

**Nonspendable**

General Fund – Prepaid Items	\$ 179,116
Prepaid items	<u>\$ 179,116</u>

**Restricted**

*Restricted – General Fund*

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
General Fund				
FICA/Unemployment	\$ 60,383	\$ 217,880	\$ 219,730	\$ 58,532
Illinois Municipal Retirement	50,581	69,057	67,016	52,622
Audit	(5,658)	29,938	27,938	(3,658)
Lighting	(2,126)	2,599	2,332	(1,859)
Liability Insurance	<u>274,768</u>	<u>77,813</u>	<u>83,274</u>	<u>269,307</u>
	<u>\$ 377,948</u>	<u>\$ 397,287</u>	<u>\$ 400,290</u>	374,944
Negative Reserves allocated to unassigned fund balance				5,517
Subtotal – General Fund				<u>380,461</u>
Public Safety				1,231,888
Road and Bridge				3,456
Debt Service				<u>101,782</u>
Total Restricted Fund Balance				<u>\$ 1,717,587</u>
<b>Assigned</b>				
Public Safety				<u>\$ 184,522</u>
Total Assigned Fund Balance				<u>\$ 184,522</u>
<b>Unassigned</b>				
General Fund				<u>\$ 871,313</u>
Total Unassigned Fund Balance				<u>\$ 871,313</u>

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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### NOTE IV – OTHER INFORMATION

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#### **A. RISK MANAGEMENT**

The village is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the village's employees. The village is commercially insured for these risks, as well as, medical, dental, life, and disability insurance. There were no significant changes in insurance coverage from the prior year and settlements did not exceed insurance coverage in any of the past 3 years.

#### **B. POST-EMPLOYMENT BENEFITS**

The village provides COBRA health benefits to all prior employees as required by federal law. All prior employees pay 100 percent of the premiums.

#### **C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the village is party to various pending claims and legal proceedings. For all claims and legal proceedings that the village is involved with, the outcome of such matters cannot be forecasted with certainty, but it is the opinion of the management and the village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

#### **Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the village expects such amounts, if any to be immaterial.

#### **D. EMPLOYEES' RETIREMENT SYSTEMS**

The village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan.

#### **Illinois Municipal Retirement Fund**

The IMRF plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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### NOTE IV – OTHER INFORMATION (cont.)

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#### **D. EMPLOYEES' RETIREMENT SYSTEMS (cont.)**

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in Regular Tier 1. If the member first participated in IMRF on or after January 1, 2011, they participate in Regular Tier 2.

For Regular Tier 1, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. For Regular Tier 2, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village contribution rate for 2012 was 2.35% of annual covered payroll. For 2012, the employer annual required contribution rate was also 2.35%.

*Annual Pension Cost.* For the fiscal years ending December 31, 2012, 2011, and 2010, the employer's annual pension cost of \$22,412, \$54,400, and \$58,872, respectively, was equal to the employer's required and actual contributions. The required contribution for 2012 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% per year attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 116.14 percent funded. The actuarial liability for benefits was \$3,022,401 and the actuarial value of assets was \$3,510,265, resulting in an overfunded actuarial accrued liability (UAAL) of \$487,864. The covered payroll (annual payroll of active employees covered by the plan) was \$953,705 and since the plan is overfunded, there is no ratio of the UAAL to the covered payroll. In conjunction with the December 2012 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five year period with a 20% corridor between the actuarial and market value of assets. In 2012, the overfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE IV – OTHER INFORMATION (CONT.)

D. EMPLOYEES' RETIREMENT SYSTEMS (cont.)

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The village accounts for the plan as a pension trust fund.

Table with 2 columns: Description and Amount. Rows include Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them (4), Current employees Vested and nonvested (19), and Total (23).

As provided for in the Illinois Compiled Statutes, the Police Pension Fund provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police officer shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one half the annual unadjusted percentage increase in the CPI, whichever is less.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the Village's contributions must accumulate to the point where past service cost for the Police Pension Plan is 90% by the year 2040. For the year ended, the village's contribution was 42.60% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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### NOTE IV – OTHER INFORMATION (cont.)

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#### *D. EMPLOYEES' RETIREMENT SYSTEMS* (cont.)

#### Summary of Significant Accounting Policies and Plan Asset Matters

##### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

##### **Method Used to Value Investments**

Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

##### **Net Pension Asset**

The pension asset for the Police Pension Plan is as follows:

	December 31, 2013	December 31, 2012
Annual Required Contribution	\$ 573,223	\$ 512,710
Interest on the Net Pension Asset	(70,319)	(50,202)
Adjustment to annual required contribution	<u>47,149</u>	<u>29,533</u>
Annual Pension Cost	550,053	492,041
Actual Contribution	<u>(762,171)</u>	<u>(834,565)</u>
Increase in the Net Pension Asset	(212,118)	(342,524)
Net Pension Asset-Beginning of Year	<u>(1,407,184)</u>	<u>(1,064,660)</u>
Net Pension Asset-End of Year	<u>\$ (1,619,302)</u>	<u>\$ (1,407,184)</u>

As of December 31, 2013, the most recent actuarial valuation date, the Police Pension plan was 53.4 percent funded. The actuarial liability for benefits was \$13,377,087 and the actuarial value of assets was \$7,142,384 resulting in an underfunded actuarial accrued liability (UAAL) of \$6,234,703. The covered payroll (annual payroll of active employees covered by the plan) was \$1,789,031 and the ratio of the UAAL to the covered payroll is 348.5%.

**VILLAGE OF BARRINGTON HILLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**NOTE IV – OTHER INFORMATION (cont.)**

**D. EMPLOYEES' RETIREMENT SYSTEMS (cont.)**

**Annual Pension Cost**

The village's annual pension cost for the most recently available period and related information for the plans are as follows:

	Illinois Municipal Retirement	Police Pension
Contribution rates – employer	5.52%	42.60%
Contribution rates – employee	4.50%	9.91%
Annual pension cost	\$22,412	\$550,053
Contributions made	\$22,412	\$762,171
Actuarial valuation date	12/31/2012	12/31/2013
Actuarial cost method	Entry age normal	Entry age
Amortization method	Level % of projected payroll open basis	Level % of pay, closed
Remaining amortization period	22 years	27 years
Asset valuation method	5 year smoothed market	5 year average Market
Actuarial assumptions		
Investment rate	7.50%	6.50%
Projected salary increases	0.40 to 10.00%	5.00%
Inflated rate included	4.00%	3.00%
Cost-of-living adjustments	3.00%	3.00%

# VILLAGE OF BARRINGTON HILLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

### NOTE IV – OTHER INFORMATION (cont.)

#### **D. EMPLOYEES' RETIREMENT SYSTEMS (cont.)**

##### **Trend Information**

Employer annual pension cost (APC), actual contributions and the net pension obligation (asset) are as follows. The net pension obligation (asset) is the cumulative difference between the APC and the contributions actually made.

	Year		Illinois Municipal Retirement		Police Pension
Annual Pension Cost (APC)	12/31/2013	\$	N/A	\$	550,053
	12/31/2012		22,412		492,041
	12/31/2011		54,400		452,664
Actual Contributions	12/31/2013	\$	N/A	\$	762,171
	12/31/2012		22,412		834,565
	12/31/2011		54,400		856,690
Percentage of APC Contributed	12/31/2013		N/A		130%
	12/31/2012		100%		170%
	12/31/2011		100%		189%
Net Pension Obligation (Asset)	12/31/2013	\$	N/A	\$	(1,619,302)
	12/31/2012		-		(1,407,184)
	12/31/2011		-		(1,064,660)

#### **E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25
- > Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27
- > Statement No. 69, Government Combinations and Disposals of Government Operations
- > Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF BARRINGTON HILLS**  
**IMRF**

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND FUNDING PROGRESS  
As of and for the Year Ended December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$ 3,510,265	\$ 3,022,401	\$ 487,864	116.14%	\$ 953,705	
12/31/11	3,157,853	2,786,278	371,575	113.34%	976,660	-
12/31/10	3,050,544	2,527,100	523,444	120.71%	905,722	-
12/31/09	2,825,585	2,338,838	486,747	120.81%	861,477	-
12/31/08	2,516,982	2,157,493	359,489	116.66%	836,103	-
12/31/07	3,356,386	1,852,610	1,503,776	181.17%	807,990	-
Fiscal Year End					Annual Required Contribution	Percent Contributed
12/31/13					N/A	N/A
12/31/12					\$ 22,412	100.00%
12/31/11					54,400	100.00%
12/31/10					58,872	100.00%
12/31/09					7,236	100.00%
12/31/08					7,190	100.00%

The information presented in the above supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of projected payroll open basis
Remaining amortization period	23 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Inflation factor	4.00%
Projected salary increases	0.4% - 10.0%
Inflation factor	4.00%
Cost of living adjustments	3.00% per year

**VILLAGE OF BARRINGTON HILLS**  
**POLICE PENSION FUND**

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND FUNDING PROGRESS  
As of and For the Year Ended December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$ 7,142,384	\$ 13,377,087	\$ (6,234,703)	53.40%	\$ 1,789,031	348.50%
12/31/11	4,922,356	11,213,829	(6,291,473)	43.90%	1,659,147	379.20%
12/31/10	4,209,906	10,518,825	(6,308,919)	40.00%	1,631,516	386.69%
12/31/09	3,419,133	9,566,899	(6,147,766)	35.70%	1,579,973	389.11%
12/31/07	2,025,432	7,893,695	(5,868,263)	25.70%	1,369,386	428.53%
4/30/06	986,565	6,941,537	(5,954,972)	14.20%	1,174,694	506.90%

Fiscal Year End	Annual Required Contribution	Percent Contributed	Net Pension Obligation (Asset)
12/31/13	\$ 573,223	132.96%	\$ (1,619,302)
12/31/12	512,710	162.78%	(1,407,184)
12/31/11	467,496	183.25%	(1,064,660)
12/31/10	435,946	150.91%	(660,634)
12/31/09	435,946	152.67%	(442,305)
12/31/08	405,265	186.00%	(205,617)

The information presented in the above supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2013
Actuarial cost method	Entry Age
Amortization method	Level percentage of pay, closed
Remaining amortization period	27 years
Asset valuation method	5 year average market
Actuarial assumptions:	
Investment rate of return	6.50%
Inflation factor	3.00%
Projected salary increases	5.00%
Cost of living adjustments	3.00% per year

## VILLAGE OF BARRINGTON HILLS

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - FORECAST, APPROPRIATION AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	Original and Final Forecast and Appropriation	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 3,734,292	\$ 3,769,812	\$ 35,520
Fees, permits and licenses	141,200	241,813	100,613
Charges for services	1,500	1,218	(282)
Fines and forfeitures	109,000	120,301	11,301
Investment income	6,000	7,342	1,342
Miscellaneous	115,321	130,709	15,388
Total Revenues	4,107,313	4,271,195	163,882
<b>EXPENDITURES</b>			
General government	4,537,500	2,709,680	1,827,820
Public safety	1,651,500	1,222,974	428,526
Health services	15,000	9,621	5,379
Total Expenditures	6,204,000	3,942,275	2,261,725
Excess (deficiency) of revenues over expenditures	(2,096,687)	328,920	2,425,607
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	-	(100,000)	(100,000)
Total Other Financing Sources (Uses)	-	(100,000)	(100,000)
Net Change in Fund Balance	\$ (2,096,687)	228,920	\$ 2,325,607
FUND BALANCE - Beginning of Year		1,201,970	
FUND BALANCE - END OF YEAR		\$ 1,430,890	

See accompanying notes to required supplementary information and independent auditors' report.

**VILLAGE OF BARRINGTON HILLS**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
FORECAST, APPROPRIATION AND ACTUAL - PUBLIC SAFETY - SPECIAL REVENUE FUND  
For the Year Ended December 31, 2013

	Original and Final Forecast and Appropriation	Actual	Variance
<b>PUBLIC SAFETY</b>			
<b>REVENUE</b>			
Property taxes	\$ 2,416,951	\$ 2,455,995	\$ 39,044
Grant revenues	1,252	-	(1,252)
Special detail	500	8,070	7,570
Interest income	32	58	26
Wireless surcharges	18,600	37,134	18,534
Other surcharges	10,200	3,079	(7,121)
Insurance reimbursements	500	-	(500)
Drug/DUI/gang fund	3,250	7,963	4,713
Other	12,000	17,793	5,793
Total Revenues	<u>2,463,285</u>	<u>2,530,092</u>	<u>66,807</u>
<b>EXPENDITURES</b>			
Crossing Guard			
Regular salaries	<u>3,000</u>	<u>2,400</u>	<u>600</u>
Police Protection			
Regular salaries	3,035,000	2,453,956	581,044
Overtime	125,000	68,263	56,737
Longevity awards	30,000	27,750	2,250
Educational benefits	20,000	5,861	14,139
Total Police Protection	<u>3,210,000</u>	<u>2,555,830</u>	<u>654,170</u>
Emergency 911			
Ameritech line charges	-	11,102	(11,102)
Equipment maintenance	-	12,372	(12,372)
Miscellaneous	-	10,253	(10,253)
Total Emergency 911	<u>-</u>	<u>33,727</u>	<u>(33,727)</u>
Drug/Gang/DUI			
Drug/Gang/DUI expenses	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Capital Outlay			
Purchase new equipment	<u>-</u>	<u>1,685</u>	<u>(1,685)</u>
Total Expenditures	<u>3,228,000</u>	<u>2,593,642</u>	<u>407,051</u>
Net Change in Fund Balance	<u>\$ (764,715)</u>	<u>(63,550)</u>	<u>\$ 473,858</u>
FUND BALANCE - Beginning of Year		<u>1,479,960</u>	
FUND BALANCE - END OF YEAR		<u>\$ 1,416,410</u>	

See accompanying notes to required supplementary information and independent auditors' report.

## VILLAGE OF BARRINGTON HILLS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
FORECAST, APPROPRIATION AND ACTUAL - ROADS AND BRIDGES - SPECIAL REVENUE FUND  
For the Year Ended December 31, 2013

	Original and Final Forecast and Appropriation	Actual	Variance
<b>ROADS AND BRIDGES</b>			
<b>REVENUE</b>			
Property taxes	\$ 1,237,000	\$ 1,256,118	\$ 19,118
Property taxes-Town	100,000	77,446	(22,554)
Motor fuel tax interest	110	32	(78)
Motor fuel tax allotments	<u>118,067</u>	<u>118,232</u>	<u>165</u>
Total Revenues	<u>1,455,177</u>	<u>1,451,828</u>	<u>(3,349)</u>
<b>EXPENDITURES</b>			
Road maintenance	815,000	728,058	86,942
Snow plowing	250,000	210,275	39,725
Mowing	70,000	70,212	(212)
Sign purchase and installation	20,000	13,399	6,601
Drainage management	150,000	153,992	(3,992)
Engineering fees	250,000	157,051	92,949
Road striping	25,000	-	25,000
Equipment maintenance	10,000	4,135	5,865
Road patching	45,000	4,948	40,052
Equipment purchases	5,000	-	5,000
Bridge inspections	15,000	12,240	2,760
AT&T Capital Services lease downpayment	-	45,000	(45,000)
Cuba Road bridge	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total Expenditures	<u>1,730,000</u>	<u>1,399,310</u>	<u>330,690</u>
Excess (deficiency) of revenues over expenditures	(274,823)	52,518	327,341
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total Other Financing Sources	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balance	<u>\$ (274,823)</u>	152,518	<u>\$ 427,341</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(149,062)</u>	
FUND BALANCE - END OF YEAR		<u>\$ 3,456</u>	

See accompanying notes to required supplementary information and independent auditors' report.

## **VILLAGE OF BARRINGTON HILLS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2013**

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#### ***APPROPRIATION INFORMATION***

Appropriation information is derived from the annual operating appropriation and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

**SUPPLEMENTARY INFORMATION**

## VILLAGE OF BARRINGTON HILLS

### DETAILED SCHEDULE OF REVENUES - FORECAST AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	Original and Final Forecast	Actual	Variance with Forecast
<b>TAXES</b>			
Property taxes	\$ 2,655,292	\$ 2,695,790	\$ 40,498
Sales taxes	99,000	111,794	12,794
Income taxes	425,000	388,951	(36,049)
Replacement taxes	40,000	39,568	(432)
Utility taxes	515,000	533,709	18,709
<b>TOTAL TAXES</b>	<b>3,734,292</b>	<b>3,769,812</b>	<b>35,520</b>
<b>FEES, PERMITS AND LICENSES</b>			
Building permits	80,000	169,438	89,438
Liquor and scavenger licenses	1,200	1,150	(50)
Vehicle stickers	35,000	33,193	(1,807)
Overweight permit fees	25,000	38,032	13,032
<b>TOTAL FEES, PERMITS AND LICENSES</b>	<b>141,200</b>	<b>241,813</b>	<b>100,613</b>
<b>CHARGES FOR SERVICES</b>			
Police accident reports	1,000	982	(18)
Copy fees	500	236	(264)
<b>TOTAL CHARGES FOR SERVICES</b>	<b>1,500</b>	<b>1,218</b>	<b>(282)</b>
<b>FINES AND FORFEITURES</b>			
Traffic fines - Cook County	53,000	49,206	(3,794)
Civil Fine Collections	-	2,795	2,795
Police "C" tickets	49,000	62,625	13,625
Supervision fees	7,000	5,675	(1,325)
<b>TOTAL FINES AND FORFEITURES</b>	<b>109,000</b>	<b>120,301</b>	<b>11,301</b>
<b>INVESTMENT INCOME</b>			
Investment income	6,000	7,342	1,342
<b>MISCELLANEOUS REVENUES</b>			
Franchise fees	77,112	67,791	(9,321)
Rental income	1,609	1,471	(138)
Security link system fees	9,800	9,169	(631)
Zoning and petition fees	1,600	200	(1,400)
Forfeited Drug Revenue	500	-	(500)
Animal services reimbursements	1,300	1,228	(72)
Subdivision reimbursements	2,800	2,920	120
Surplus property	9,000	15,659	6,659
Grant revenue - public safety equipment	4,600	5,900	1,300
Police training reimbursements	500	-	(500)
Contributions/Donations	-	6,725	6,725
Other	6,500	19,646	13,146
<b>TOTAL MISCELLANEOUS REVENUES</b>	<b>115,321</b>	<b>130,709</b>	<b>15,388</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 4,107,313</b>	<b>\$ 4,271,195</b>	<b>\$ 163,882</b>

## VILLAGE OF BARRINGTON HILLS

### SCHEDULE OF EXPENDITURES - APPROPRIATION AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2013

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	Original and Final Appropriation	Actual	Variance with Appropriation
<b>GENERAL GOVERNMENT</b>			
Administration	\$ 1,008,000	\$ 734,169	\$ 273,831
Building department	308,500	183,177	125,323
Insurance and risk	1,201,000	947,760	253,240
Legal	1,390,000	632,164	757,836
Municipal building and grounds	436,000	146,802	289,198
Zoning and planning department	<u>194,000</u>	<u>65,608</u>	<u>128,392</u>
TOTAL GENERAL GOVERNMENT	<u>4,537,500</u>	<u>2,709,680</u>	<u>1,827,820</u>
<b>PUBLIC SAFETY</b>			
Police department	<u>1,651,500</u>	<u>1,222,974</u>	<u>428,526</u>
<b>HEALTH SERVICES</b>	<u>15,000</u>	<u>9,621</u>	<u>5,379</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 6,204,000</u>	<u>\$ 3,942,275</u>	<u>\$ 2,261,725</u>

## VILLAGE OF BARRINGTON HILLS

### DETAILED SCHEDULE OF EXPENDITURES - APPROPRIATION AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	<u>Original and Final Appropriation</u>	<u>Actual</u>	<u>Variance with Appropriation</u>
<b>GENERAL GOVERNMENT</b>			
Administration			
Regular salaries	\$ 284,500	\$ 255,962	\$ 28,538
Social security	260,000	217,460	42,540
IMRF	80,000	67,016	12,984
Unemployment taxes	8,000	2,270	5,730
Office/computer supplies	28,000	6,838	21,162
Purchase of office equipment	10,000	6,422	3,578
Rental of office equipment	5,000	2,753	2,247
Telephones and fees	50,000	10,456	39,544
Vehicle stickers	4,000	2,273	1,727
Barrington Area Council of Governments	35,000	24,114	10,886
Audit	28,000	24,000	4,000
Hardware/software	7,000	3,938	3,062
Finance consulting	3,000	-	3,000
Dues and subscriptions	20,000	7,251	12,749
Tuition and travel	16,000	8,699	7,301
Newsletter and website	38,000	12,166	25,834
Computer supplies	2,000	-	2,000
Vehicle	7,000	3,897	3,103
Accrued Vacation compensation	-	12,547	(12,547)
Postage	8,000	2,793	5,207
Clerical services	30,000	27,066	2,934
Communications committee	500	61	439
Messenger service	1,000	679	321
Payroll	7,000	3,486	3,514
Broadband data	25,000	18,026	6,974
Web services	20,000	3,213	16,787
Merchant fees	1,000	73	927
Transfer to E911 Fund	15,000	-	15,000
Other/meetings expenditures	15,000	10,710	4,290
Total Administration	<u>1,008,000</u>	<u>734,169</u>	<u>273,831</u>

## VILLAGE OF BARRINGTON HILLS

### DETAILED SCHEDULE OF EXPENDITURES - APPROPRIATION AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	<u>Original and Final Appropriation</u>	<u>Actual</u>	<u>Variance with Appropriation</u>
<b>GENERAL GOVERNMENT (cont.)</b>			
Building Department			
Regular salaries	\$ 115,000	\$ 33,182	\$ 81,818
Outside services	100,000	116,698	(16,698)
Printing and offices supplies	2,000	1,410	590
Field/office equipment	2,000	300	1,700
Automobile expenditures	2,000	-	2,000
Planning/zoning Information Specialist	30,000	18,050	11,950
Plumbing inspections	25,000	7,633	17,367
Records management	10,000	4,765	5,235
Surveying services	15,000	610	14,390
Office expenditures	4,500	529	3,971
Overtime	3,000	-	3,000
Total Building Department	<u>308,500</u>	<u>183,177</u>	<u>125,323</u>
Insurance and Risk			
Worker's compensation insurance	115,000	102,218	12,782
Employee medical and life	850,000	668,732	181,268
Wellness program	2,000	1,680	320
Employee dental plan	65,000	55,872	9,128
Vehicle/physical damage	10,000	8,355	1,645
Surety bonds	4,000	2,500	1,500
Long-term disability	25,000	19,169	5,831
Property/inland marine	7,000	3,125	3,875
Asset inventory	15,000	1,364	13,636
Property-Fire Station	2,000	1,471	529
General liability insurance	15,000	10,987	4,013
Vehicle liability insurance	18,000	10,899	7,101
Employment practice liability	6,000	3,566	2,434
Law enforcement insurance	15,000	15,786	(786)
Public officials insurance	5,000	1,986	3,014
Excess liability insurance	45,000	40,050	4,950
Crime insurance	1,000	-	1,000
Employee benefits liability	1,000	-	1,000
Total Insurance and Risk	<u>1,201,000</u>	<u>947,760</u>	<u>253,240</u>

## VILLAGE OF BARRINGTON HILLS

### DETAILED SCHEDULE OF EXPENDITURES - APPROPRIATION AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	<u>Original and Final Appropriation</u>	<u>Actual</u>	<u>Variance with Appropriation</u>
<b>GENERAL GOVERNMENT (cont.)</b>			
Legal			
Village attorney	\$ 700,000	\$ 237,880	\$ 462,120
Court attorney	75,000	65,480	9,520
Police attorney	5,000	-	5,000
Other legal fees	75,000	20,678	54,322
Publications	5,000	1,554	3,446
Expert witnesses	75,000	9,845	65,155
Court reporters	15,000	6,640	8,360
Labor relations	250,000	213,619	36,381
FOIA records management	150,000	67,237	82,763
Planning/zoning	40,000	9,231	30,769
Total Legal	<u>1,390,000</u>	<u>632,164</u>	<u>757,836</u>
Municipal Building and Grounds			
Building improvements	65,000	11,855	53,145
Furniture and equipment	20,000	3,232	16,768
Interior building maintenance	75,000	35,491	39,509
Exterior building maintenance	75,000	23,847	51,153
Grounds maintenance	15,000	12,685	2,315
Contractual services	50,000	4,243	45,757
Parking lot maintenance	6,000	3,096	2,904
Taxes	8,000	4,055	3,945
Landscape restoration work	32,000	23,741	8,259
Landscape irrigation	7,000	-	7,000
Snow removal	25,000	12,520	12,480
Safety/security equipment	20,000	9,705	10,295
Fire station maintenance	35,000	-	35,000
Street lighting	3,000	2,332	668
Total Municipal Building and Grounds	<u>436,000</u>	<u>146,802</u>	<u>289,198</u>
Zoning and Planning Department			
Regular salaries	25,000	18,050	6,950
Overtime	5,000	1,252	3,748
Minutes and transcripts	20,000	1,890	18,110
Supplies/maps/printing	108,000	34,093	73,907
Engineering services	12,000	5,895	6,105
Subdivision review costs	5,000	2,468	2,532
Equestrian Commission	2,000	-	2,000
Development Commission	2,000	-	2,000
Professional services	15,000	1,960	13,040
Total Zoning and Planning Department	<u>194,000</u>	<u>65,608</u>	<u>128,392</u>
Total General Government	<u>4,537,500</u>	<u>2,709,680</u>	<u>1,827,820</u>

## VILLAGE OF BARRINGTON HILLS

### DETAILED SCHEDULE OF EXPENDITURES - APPROPRIATION AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	<u>Original and Final Appropriation</u>	<u>Actual</u>	<u>Variance with Appropriation</u>
<b>PUBLIC SAFETY</b>			
Police Department			
Purchase of police cars	\$ 75,000	\$ 58,794	\$ 16,206
Gasoline	165,000	93,594	71,406
Squad car repairs	40,000	28,388	11,612
Tires	7,000	4,345	2,655
Telephone	50,000	19,991	30,009
UHF network	25,000	16,263	8,737
Radio maintenance	20,000	12,094	7,906
Re-install radios	7,000	4,128	2,872
Nextel contract	12,000	6,720	5,280
Radar repairs	3,000	320	2,680
Security maintenance	15,000	10,143	4,857
Jail service contract	1,000	319	681
Memberships and dues	20,000	13,270	6,730
Uniforms	22,000	15,784	6,216
I.T. consultant	60,000	28,150	31,850
Marking vehicles	1,500	1,190	310
Training and travel	20,000	13,637	6,363
Shooting program and armory	10,000	7,383	2,617
Purchase of vehicular accessories	6,000	4,518	1,482
Employee recognition awards	3,000	1,419	1,581
Equipment replacement	25,000	16,862	8,138
Office expenditures	12,000	9,480	2,520
Office supplies	10,000	6,223	3,777
Other Expenses	13,000	16,146	(3,146)
Towing	2,000	270	1,730
Recruitment	3,000	-	3,000
Professional service/consulting	10,000	7,150	2,850
Drug education	5,000	373	4,627
Computer system	40,000	25,132	14,868
Disaster and emergency services	10,000	5,977	4,023
Furniture and equipment	8,000	2,788	5,212
Calea expenditures	17,000	7,722	9,278
Computer-aided dispatch	40,000	11,750	28,250
Live-scan monthly fees	7,000	4,605	2,395
Public safety equipment	7,000	5,875	1,125
Pension contribution	880,000	762,171	117,829
Total Public Safety	<u>1,651,500</u>	<u>1,222,974</u>	<u>428,526</u>

## VILLAGE OF BARRINGTON HILLS

DETAILED SCHEDULE OF EXPENDITURES - APPROPRIATION  
AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2013

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	<u>Original and Final Appropriation</u>	<u>Actual</u>	<u>Variance with Appropriation</u>
<b>HEALTH SERVICES</b>	\$ <u>15,000</u>	\$ <u>9,621</u>	\$ <u>5,379</u>
 TOTAL GENERAL FUND EXPENDITURES	 \$ <u>6,204,000</u>	 \$ <u>3,942,275</u>	 \$ <u>2,261,725</u>

## VILLAGE OF BARRINGTON HILLS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - FORECAST, APPROPRIATION AND ACTUAL - DEBT SERVICE FUND  
For the Year Ended December 31, 2013

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	Original and Final Forecast and Appropriation	Actual	Variance
<b>REVENUES</b>			
Taxes			
Property taxes	\$ 255,530	\$ 259,497	\$ 3,967
Total Revenues	<u>255,530</u>	<u>259,497</u>	<u>3,967</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	210,000	200,000	(10,000)
Interest and fiscal charges	<u>60,000</u>	<u>55,531</u>	<u>(4,469)</u>
Total Expenditures	<u>270,000</u>	<u>255,531</u>	<u>14,469</u>
Net change in fund balance	<u>\$ (14,470)</u>	3,966	<u>\$ 18,436</u>
FUND BALANCE - Beginning of Year		<u>97,816</u>	
FUND BALANCE - End of Year		<u>\$ 101,782</u>	

**OTHER INFORMATION**

**VILLAGE OF BARRINGTON HILLS**

PROPERTY TAX, ASSESSED VALUATIONS, RATE, TAX EXTENSIONS AND COLLECTIONS  
December 31, 2013

County	Tax Levy Year 2012									
	Cook		McHenry		Lake		Kane		Total	
Assessed Valuations	\$ 239,611,566		\$ 120,213,432		\$ 82,800,342		\$ 10,363,313		\$ 452,988,653	
	Rate	Extension	Rate	Extension	Rate	Extension	Rate	Extension	Rate	Extension
<b>FUNDS</b>										
General	0.3776	\$ 904,810	0.3246	\$ 390,156	0.3030	\$ 250,885	0.3025	\$ 31,352	1.3077	\$ 1,577,203
Police Protection	0.6020	1,442,453	0.5174	621,989	0.4850	401,582	0.4823	49,981	2.0867	2,516,005
Police Pension	0.1870	448,050	0.1607	193,200	0.1520	125,857	0.1498	15,525	0.6495	782,632
Social Security	0.0524	125,454	0.0450	54,096	0.0430	35,604	0.0419	4,347	0.1823	219,501
Audit	0.0074	17,623	0.0063	7,600	0.0070	5,796	0.0059	611	0.0266	31,630
Streets and Bridge	0.3084	738,984	0.2651	318,651	0.2480	205,345	0.2082	21,573	1.0296	1,284,553
Street Lighting	0.0006	1,553	0.0006	670	0.0010	828	0.0005	54	0.0027	3,105
Crossing Guard	0.0006	1,434	0.0005	618	0.0010	828	0.0005	50	0.0026	2,930
Unemployment Insurance	0.0011	2,688	0.0010	1,160	0.0000	-	0.0009	93	0.0030	3,941
Liability Insurance	0.0191	45,767	0.0164	19,735	0.0170	14,076	0.0153	1,586	0.0678	81,164
IMRF	0.0170	40,623	0.0146	17,516	0.0150	12,420	0.0136	1,408	0.0602	71,967
Prior Year Adjustment	0.0000	-	(0.0606)	(72,876)	-	-	(0.2994)	(31,026)	(0.3600)	(103,902)
Bond and Interest	0.0649	155,618	0.0548	65,824	0.0540	44,712	0.0516	5,342	0.2252	271,496
	1.6381	\$ 3,925,057	1.3462	\$ 1,618,339	1.3260	\$ 1,097,933	0.9736	\$ 100,896	5.2839	\$ 6,742,225
Cash collected through December 31, 2013		\$ 3,732,943		\$ 1,688,086		\$ 1,093,255		\$ 107,852		\$ 6,622,136
Accrual adjustment for collections within 60 days		3,517		-		-		-		3,517
Total Collections - Tax Levy Year 2012		\$ 3,736,460		\$ 1,688,086		\$ 1,093,255		\$ 107,852		\$ 6,625,653
		95.2%		104.3%		99.6%		106.9%		98.3%

Note: The Illinois Department of Revenue is required by law to calculate an equalization factor, known as the multiplier, to achieve uniform property assessment throughout the state. The final 2012 equalization factor for Cook County was 2.8056, which is used to bring the average level of assessments to the required 33 1/3 percent level mandated by state law.